

**SUN PHARMA DE MEXICO, S.A. DE C.V.
FINANCIAL STATEMENTS
AND INDENDENT AUDITOR'S REPORTS
2021 AND 2020**

SUN PHARMA DE MEXICO, S.A. DE C.V.
Statement of Financial Position as of December 31, 2021 and 2020
(Amounts in Mexican Pesos)

	2021	2020	2021	2020
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	49,867,775	46,696,442		
Accounts Receivable:				
Sundry Debtors	138,285,102	137,868,721		
Taxes in Favor	14,789,075	11,977,064		
Prepaid Expenses and Other Accounts Receivables	3,029,709	2,910,761		
Total Taxes in Favor and Advances Paid	17,818,784	14,887,825		
Inventories	84,669,669	57,122,890		
Other Current Assets	179,906	179,906		
TOTAL CURRENT ASSETS	<u>290,821,236</u>	<u>256,755,784</u>		
NON CURRENT ASSETS				
Property, Machinery and Equipments	15,949,150	20,375,292		
Deferred Tax	6,742,415	5,812,813		
TOTAL NON CURRENT ASSETS	<u>22,691,565</u>	<u>26,188,105</u>		
Total Assets	<u>\$ 313,512,801</u>	<u>\$ 282,943,889</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable to Suppliers			4,680,594	\$ 4,529,506
Accounts Payable Related Parties			15,953,217	8,855,244
Provision for Expenses Payable			16,138,430	7,440,510
Total Accounts Payable			<u>36,772,241</u>	<u>20,825,260</u>
Taxes Payable			9,570,803	8,278,484
Other Accounts Payable			11,856,019	3,949,855
Total Taxes and Other Accounts Payable			<u>21,426,822</u>	<u>12,228,339</u>
TOTAL CURRENT LIABILITIES			<u>58,199,063</u>	<u>33,053,599</u>
Total liabilities			<u>\$ 58,199,063</u>	<u>\$ 33,053,599</u>
STOCKHOLDERS' EQUITY				
Share Capital			1,010,360	1,010,360
Legal Reserve			202,072	202,072
Profit for the Year			54,973,778	78,830,377
Accumulated Profits of Previous Years			199,127,528	169,847,481
TOTAL STOCKHOLDERS' EQUITY			<u>255,313,738</u>	<u>249,890,290</u>
Total Liabilities and Share Capital			<u>\$ 313,512,801</u>	<u>\$ 282,943,889</u>

The twenty accompanying notes are an integral part of these financial statements
For and on behalf of the Board of Directors

C.P.C. Jorge Daniel Garcia Becerril
Statutory Auditor
For and on behalf of
Garcia Landa Becerril & Asociados S.C.

Lic. Fernando Salvador Ramos Suarez
President

Lic. Vipulkumar Jayantial Timbadia
Director

C.P.C. MI Jorge Marcos Garcia Landa
Independent Auditors

Mexico City, March 28, 2022

SUN PHARMA DE MEXICO, S.A. DE C.V.
Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Amounts in Mexican Pesos)

		<u>2 0 2 1</u>		<u>2 0 2 0</u>
Net Sales	\$	344,648,446	\$	335,689,851
Cost of Sales		<u>103,896,729</u>		<u>98,827,899</u>
Gross Profit		240,751,717		236,861,952
General Expenses:				
Operational Expenses		72,483,963		66,245,015
Selling Expenses		55,208,801		41,892,414
Administration Expenses		39,800,732		22,874,389
Depreciations		4,959,877		5,059,670
Total General Expenses		<u>172,453,373</u>		<u>136,071,488</u>
Operating Profit		68,298,344		100,790,464
Net Financial Income	14	2,611,598		9,064,093
Other Non-Operating income and Expenses, Net	15	1,279,561		621,172
Profit Before Tax		<u>72,189,503</u>		<u>110,475,729</u>
Income Tax	17	18,145,327		31,881,784
Deferred Tax		(929,602)		(236,432)
NET PROFIT FOR THE YEAR		<u>\$ 54,973,778</u>		<u>\$ 78,830,377</u>

The twenty accompanying notes are an integral part of these financial statements

In terms of my/our report attached.

For and on behalf of the Board of Directors

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Lic. Fernando Salvador Ramos Suarez
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Lic. Vipulkumar Jayantilal Timbadia
Director

Mexico City, March 28, 2022

SUN PHARMA DE MEXICO, S.A. DE C.V.
Statement of Changes in Stockholders' Equity
For the years ended December 31, 2021 and 2020
(Amounts in Mexican Pesos)

Movements	Share Capital	Unsubscribed Share Capital	Legal Reserve	Profits for the year	Accumulated Profits of Previous Years	Total
Balances as of December 31, 2019	\$ 1,010,360	\$ 0	\$ 202,072	\$ 46,518,880	\$ 263,598,294	\$ 311,329,606
Application of Profit for the year 2019				(46,518,880)	46,518,880	0
Dividend Paid					(140,269,693)	(140,269,693)
Profit for the year 2020				78,830,377		78,830,377
Balances as of December 31, 2020	1,010,360	0	202,072	78,830,377	169,847,481	249,890,290
Profit for the year 2020				(78,830,377)	78,830,377	0
Dividend Paid					(49,550,330)	(49,550,330)
Profit for the year 2021				54,973,778		54,973,778
Balances as of December 31, 2021	\$ 1,010,360	\$ 0	\$ 202,072	\$ 54,973,778	\$ 199,127,528	\$ 255,313,738

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In terms of my/our report attached.

For and on behalf of the Board of Directors

C.P.C. Jorge Daniel García Becerril
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Lic. Fernando Salvador Ramos Suarez
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Lic. Vipulkumar Jayantilal Timbadia
 Director

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García Landa Becerril & Asociados S.C.

C.P.C. MI Jorge Marcos García Landa
 Independent Auditors

Mexico City, March 28, 2022

SUN PHARMA DE MEXICO, S.A. DE C.V.
Statement of Cash flows for the Years Ended December 31, 2021 and 2020
(Amounts in Mexican Pesos)

	2 0 2 1	2 0 2 0
OPERATING ACTIVITIES:		
Profit Before Tax	\$ 72,189,503	\$ 110,475,729
Items related to investment activities	2,747,809	(2,496,993)
Depreciation and or Amortization of the Assets	4,959,877	5,059,670
Provisions for Doubtful Debts	1,948,564	966,370
Profit / Loss from Sales of Fixed Assets	(276,054)	(167,761)
Interest Received	(3,884,578)	(8,355,272)
Total	74,937,312	107,978,736
Decrease / (Increase) in Accounts Receivable	(2,364,945)	(67,179,268)
Decrease / (Increase) in Short Term Advances	(2,930,959)	578,840
Decrease / (Increase) in inventories	(27,546,779)	0,984,905
Increase / (Decrease) in Suppliers	15,946,981	1,133,568
Increase / (Decrease) in Other Liability	9,198,483	8,040,360
Cash generated from Operations	67,240,093	61,537,141
Income Tax Paid	(18,145,337)	(31,881,784)
Net Cash flow from Operating Activities	49,094,756	29,655,357
INVESTMENT ACTIVITIES:		
Purchase of Fixed Assts	(696,703)	(2,483,159)
Proceed from Sales of Fixed Assets	439,032	320,407
Interest Income	3,884,578	8,355,272
Cash Flow from Investing Activities	3,626,907	6,192,520
Surplus Cash to apply in Financing Activities	52,721,663	35,847,877
FINANCING ACTIVITIES		
Dividend Paid	(49,550,330)	(140,269,698)
Net Cash Flow from Financing Activities	(49,550,330)	(140,269,698)
Net (Decrease) or Increase In Cash and Cash Equivalents	3,171,333	(104,421,821)
Cash and Cash Equivalents at Beginning of the Year	46,696,442	151,118,263
Cash and Equivalents at End of the Year	\$ 49,867,775	\$ 46,696,442

The twenty accompanying notes are an integral part of these financial statements

In terms of my/our report attached.

For and on behalf of the Board of Directors

C.P.C. Jorge Daniel García Becerril
Statutory Auditor

Lic. Fernando Salvador Ramos Suarez
President

For and on behalf of
García Landa Becerril & Asociados S.C.

C.P.C. MI Jorge Marcos Garcia Landa
Independent Auditors

Lic. Vipulkumar Jayantilal Timbadia
Director

Mexico City, March 28, 2021

To, The Shareholders of Sun Pharma de Mexico, S.A. de C.V.

Independent Auditor's Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Pharma de México, S.A. de C.V, which comprise the Statement of Financial Position as of December 31, 2021 and 2020, and the Statements of Comprehensive Income, Changes in Stockholders' Equity and Cash flows corresponding to the years ended on those dates, as well as the explanatory Notes to the financial statements that include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Sun Pharma de México, S.A de C.V., as of December 31, 2021 and 2020, as well as its results, changes in stockholders' equity and cash flows corresponding to the years ended on those dates, in accordance with the Financial Reporting Standards applicable in Mexico (NIF).

Basis of opinion

We have conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent from the Company, in accordance with the Code of Professional Ethics of the Instituto Mexicano de Contadores Públicos, A.C., together with the ethical requirements that are applicable to our audits of the financial statements in Mexico, and we have complied with the other responsibilities of ethics in accordance with these requirements and with the Code of Professional Ethics. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Responsibilities of Management and those responsible of governance in relation to the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements, in accordance with the NIF's and the internal control that the Management considered necessary to allow the preparation of financial statements free of material deviation due to fraud or error.

In preparing the financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, revealing, where appropriate, issues related to the going concern and using the going concern accounting principle.

Those responsible of governance of the entity are responsible for supervising the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement where it exists. Deviations may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the ISAs, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, intentionally misstatements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate based on the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the Management.
- We conclude on the appropriateness of the use, by the Management, of the going concern accounting principle and, with the audit evidence obtained, we conclude that there is no material deviation related to events or conditions that may generate significant doubts about the capacity of the Company to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We assess as a whole, the presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that achieves fair presentation.
- We communicate to those responsible of governance, among other matters, the scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identify during the course of the audit.

C.P.C. M^r Jorge Marcos Garcia Landa
Professional ID 363151
García Landa, Becerril & Asociados, S.C.
Independent Auditor

Mexico City, March 28, 2022

STATUTORY AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN PHARMA DE MEXICO S.A. DE C.V.

In my capacity as Statutory Auditor, and in compliance with the provisions of Article 166 of the Mexican General Corporations Law and the by-laws of **Sun Pharma de Mexico S.A. de C.V.** (the Company), I am pleased to submit my Audit Report on the veracity, sufficiency and reasonability of the Financial Statements of the Company for the year ended December 31, 2021, presented to you by the Board of Directors of the Company.

I have attended the Shareholders' and the Board of Directors' meetings to which I was summoned, and I have obtained from the board of Directors and the Company's officers all the information on the Company's operations, documentation and records, that I considered necessary for examination. I conducted my audit in accordance with Auditing Standards generally accepted in Mexico.

In my opinion, the accounting and reporting policies and procedures observed by the Company in the preparation of the financial statements that are being presented to the shareholders are adequate and sufficient and were applied on a basis consistent with that of the previous year. Therefore, it is also my opinion that the financial statements referred to above give a True and Fair view in conformity with Mexican Financial Reporting Standards:

- i. in the case of Statements of Financial Position of the Company as of December 31, 2021;
- ii. in the case of Statement of Comprehensive Income, of the profit of the Company for the year ended on that date;
- iii. in the case of Statement of Cash Flow, of the cash flows of the Company for the year ended on that date; and
- iv. in the case of Statement of Changes in Stockholders' Equity, of the changes in stockholders' equity of the Company for the year ended on that date.

C.P.C. Jorge Daniel García Becerril
Statutory Auditor

Mexico City, March 28, 2022.

SUN PHARMA DE MEXICO, S.A. DE C.V.
Notes to the financial statements
December 31, 2021
(With comparative figures for 2020)
(Mexican pesos, except wherever indicated expressly)

1) Activity of the Company.

Sun Pharma de México, S.A. de C.V. (the "Company") is a Company incorporated under Mexican Law, the main objective of the Company is all kinds of activities related to the pharmaceutical industry, such as commercialization, purchases, sales, export, import, representation, marketing and distribution of pharmaceutical products.

2) Basis of presentation.

a) Declaration of compliance.

The accompanying financial statements have been prepared in accordance with the Mexican Financial Reporting Standards (NIF's), issued by the Mexican Council for Financial Reporting Standards (CINIF).

Presentation of the comprehensive income statement.

Starting in 2013, adopting the changes in NIF B-3 "Statement of comprehensive income", the company presents its costs and ordinary expenses based on its function, which allows knowing its gross profit margin. Additionally, the operating income item is presented, which is the result of reducing the cost of sales and expenses to net sales, considering that this item contributes to a better understanding of the economic and financial performance of the Company.

Likewise, the item of other income (expenses) is included because it is considered convenient to present in the amounts of activities which are not related to the operation of the company.

3) Summary of the main accounting policies.

The accounting policies shown below have been uniformly applied in the preparation of the financial statements presented in accordance with the Mexican Financial Reporting Standards (NIF'S) and have been consistently applied by the Company, except as indicated expressly.

a) Recognition of the effects of inflation.

The accompanying financial statements were prepared in accordance with NIF'S, as the Company operates in a non - inflationary environment, as inflation accumulated in the previous 3 financial years does not exceed 26%, do not include the recognition of effects of inflation on financial information, therefore, as of January 1, 2008, entities have the obligation to suspend the recognition of the effects of inflation on financial information. Therefore, the figures of the accompanying financial statements as of December 31, 2021 and 2020, are expressed in historical Mexican pesos.

b) Cash and cash equivalents.

Cash and cash equivalents include deposits in bank accounts, foreign currencies and others similar of immediate realization. At the date of the financial statements, the interest earned and the profit or loss in valuation are included in the results of the year, as part of the comprehensive financing result.

c) Accounts receivable.

Account receivable are presented at their realizable value, net of the allowance for doubtful debts, or provisions for doubtful debts.

d) Inventories and Cost of Sales.

Cost of sale represents the replacement cost of inventories at the time of sale, inventories are valued using the first-in and first-out method.

e) Advance payments.

They mainly include advances for the purchase of services that are received after the date of the statement of financial position and during the normal course of operations, and are presented in the short or long term according to the classification of the destination item.

f) Property, Machinery and Equipment.

The Property, Machinery and Equipment are recorded at acquisition cost.

Depreciation is calculated based on the remaining useful life of the assets, and its application to results is carried out using the straight-line method, using the maximum rates authorized by the Income Tax law according to the following percentages for 2021 and 2020:

Buildings	5%
Machinery and equipment	10%
Office Furniture and Equipment	10%
Transportation Equipment	25%
Computer equipment	30%
Electrical installation	10%

Improvements to the leased property are charged to income in the period in which this occurs.

g) Provisions.

The liabilities borne by the company and liability provisions recognized in the balance sheet represent present obligations in which the outflow of economic resources is probable to settle the obligation. These provisions have been recorded in the accounting, under the best reasonable estimate made by management to settle the present obligation; however, actual results could differ from recognized provisions.

h) Income taxes.

Deferred income taxes, as stated in NIF D-4 "Income taxes" must be recognized according to the assets and liabilities method, which compares their accounting and tax values. Deferred income taxes (assets and liabilities) must be recognized for future tax consequences attributable to temporary differences between the values reflected in the financial statements of existing assets and liabilities and their relative tax bases, and in the case of taxes on the profit, for tax losses to be amortized and other tax credits to be recovered. Deferred income tax assets and liabilities must be calculated using the rates established in the corresponding law, which will be applied to taxable income in the years in which it is estimated that the temporary differences will be reversed. The effect of changes in tax rates on deferred income taxes is recognized in the results of the period in which such changes are approved.

i) Employees benefits

For year 2021, the guidelines established in NIF D-3 "Employee benefits" are applicable to the company, in accordance with the applicability as of December 31, 2021, the company has recognized the guidelines which require that liabilities derivatives for retirement benefits, "pension plans, seniority premiums and compensation, are recognized. Therefore, there exist a liability for these concepts in the financial statements for 2021.

j) Employees Profit Sharing.

According to the Federal Labor Law, the participation by employees in company's profit (ESOP) is applicable to the Company from July 1, 2021, according to the applicability the company has recognized the same in liability and it is recorded in the results of the year in which it is caused.

k) Revenue recognition.

Sales revenue is recognized when the risks and benefits of the products are transferred to the customers who purchase them, which generally occurs when they are delivered to the customer and the customer assumes responsibility for them. Net sales are net of discounts and returns.

l) Comprehensive financing results.

Comprehensive financing result includes interest, exchange rate differences, deducted from capitalized amounts.

m) Transactions in foreign currency.

Transactions in foreign currency are recorded at the exchange rate on the date they are carried out. These assets and liabilities receivable and payable in foreign currency are valued in national currency at the exchange rate in effect on the date of the financial statements. The exchange difference resulting between the transaction date and the payment date, or the balance sheet date, is applied to the results of the year and is presented in the comprehensive financing result.

4) **Cash and cash equivalents.**

	2021		2020	
Cash on Hand	\$	16,000	\$	16,000
Bank Balance in Local Currency		49,819,976		46,393,117
Bank Balance in Foreign Currency		31,799		226,494
Investments Account		0		60,831
Total	\$	49,867,775	\$	46,696,442

5) **Accounts receivable.**

	2021		2020	
Debtors Considered Good	\$	138,285,102	\$	137,868,721
Debtors Considered Doubtful		21,053,852		19,105,288
Provision for Doubtful Debtors		159,338,954		156,974,009
		(21,053,852)		(19,105,288)
Total	\$	138,285,102	\$	137,868,721

6) **Taxes in favor and Advances Paid**

	2021		2020	
VAT in favor	\$	3,281,442	\$	11,977,064
Income Tax in favor		11,507,633		0
Taxes to be recovered	\$	14,789,075	\$	11,977,064
Prepaid insurance expenses	\$	2,279,320	\$	2,495,953
Other Accounts Receivables		750,389		414,808
	\$	3,029,709	\$	2,910,761
	\$	17,818,784	\$	14,867,825

7) **Inventories. (Valued at the lower of cost or net Realisable Value)**

	2021		2020	
Raw material	\$	9,409,798	\$	17,756,883
Raw Material in Transit		2,248,452		0
In Process		0		1,421,902
finished Goods		68,999,848		37,285,000
Finished Goods in Transit		4,011,571		659,105
Total	\$	84,669,669	\$	57,122,890

8) **Property, machinery and equipment.**

	2021		2020	
Land	\$	5,245,942	\$	5,245,942
Building		5,296,665		5,296,665
Machinery and Equipment's		39,279,094		38,668,569
Transportation Equipment's		18,238,503		19,633,864
Furniture and Office Equipment's		3,667,171		3,667,171
Data Processing Equipment's		1,318,968		1,232,790
Electricals Fittings		117,641		117,641
Total Fixed Assets	\$	73,163,984	\$	73,862,642
Accumulated depreciation	\$	57,214,834	\$	53,487,350
Net Fixed Assets	\$	15,949,150	\$	20,375,292

9) **Deferred tax.**

The deferred income tax was calculated in accordance with the new tax provisions. Consequently, the deferred tax as of December 31, 2021 is calculated at the promulgated rate that is expected to apply on the reversal date of the temporary differences.

Below is the opening balance of the year 2021 of the differences in temporary items, the movements of 2021 and the balance at the end of the year and its corresponding Deferred Income Tax effects:

	Temporary Items	Deferred Tax in Favor (at Charge)
Opening Balances of the Year	\$ 19,376,043	\$ 5,812,813
Provisión of Expenses 2021	(13,385,103)	
Provisión of Expenses 2020	4,757,182	
Prepaid Expenses 2021	2,219,237	
Prepaid Expense 2020	(2,608,753)	
Provisión of Sales Return 2020	494,676	
Provisión Inventory Net	15,175,029	
Provisión of Employees Benifits 2021	(3,553,595)	
Deferred Tax 2021	3,098,673	929,602
Closing Balance of the Year	\$ 22,474,716	\$ 6,742,715

10) Related parties.

As of December 31, the balances with Related Parties are:

	2021	2020
<u>Accounts Payables</u>		
Sun Pharmaceutical Industries Ltd.	\$ 15,953,217	\$ 8,855,244
Total	\$ 15,953,217	\$ 8,855,244

Operation with between related parties during the year were in respect of:

	2020	2019
Inventory Purchases / Expenses:		
Sun Pharmaceutical Industries Ltd.	\$ 115,934,036	\$ 75,065,286
Administration Services:		
Endesk Servicios, S.A. de C.V.	\$ 34,414,030	\$ 74,097,497
Endesk, S.A. de C.V.	\$ 1,122,000	0

11) Position in foreign currency.

	December 2021		December 2020	
	Dollars USA	Pesos	Dollars USA	Pesos
Asset:				
Banks	\$ 1,550	\$ 31,799	\$ 11,361	\$ 226,494
Liabilities:				
Suppliers	\$ 820,500	\$ 16,834,809	\$ 574,733	\$ 11,457,419
Net Liability position	\$ 822,050	\$ 16,866,608	\$ 563,372	\$ 11,230,925

12) **Taxes and other accounts payable.**

	2021		2020	
Taxes Payable:				
Annual Income Tax	\$	0	\$	5,295,691
Monthly Income Tax Provision		3,106,055		2,453,689
Withholding Income Tax		3,737,000		15,406
Withholding Tax Salaries		1,340,710		0
Withholding VAT		66,331		513,698
Quotas IMSS		1,127,017		0
Salary Tax		193,690		0
	\$	<u>9,570,803</u>	\$	<u>8,278,484</u>
Other Accounts Payable:				
Other Accounts	\$	5,059,777	\$	3,455,179
Other Provisions		0		494,676
Liability for Employees benefits		3,553,595		0
Employee's Profit Sharing		3,242,647		0
	\$	<u>11,856,019</u>	\$	<u>3,949,855</u>
Total	\$	21,426,822	\$	12,228,339

13) **Share capital.**

	2021		2020	
Fixed:				
Sun Pharmaceutical Industries Ltd. formed with 750 shares (Previous Year 750 Shares) subscribed and paid-up of nominal value of \$ 1,010.36 each. (Previous Year \$1010.36).	\$	757,770	\$	757,770
Indi Pharma, S.A.P.I. de C.V., formed by 250 (Previous Year 250 Shares) subscribed and paid-up of nominal value of \$ 1,010.36 each. (Previous Year \$1010.36).	\$	252,590	\$	252,590
Total	\$	1,010,360	\$	1,010,360

14) **Comprehensive financial income.**

	2021		2020	
Interest Earned	\$	3,884,578	\$	8,355,272
Exchange Rate Loss for the year		(2,387,569)		(1,413,299)
Exchange Rate Gain for the year		1,114,589		2,122,120
Total	\$	2,611,598	\$	9,064,093

15) **Other non-operating income and expenses.**

	2021	2020
Loss on the Sales of fixed Assets	\$ (162,969)	\$ (60,997)
Profit on the Sale of Fixed Assets	439,023	228,760
Insurance Claims	683,146	377,372
Other Income	320,361	76,037
Total	\$ 1,279,561	\$ 621,172

16) **Fiscal Taxes on dividends.**

Dividends paid will be free of income tax if they come from the net tax profit account (CUFIN). Dividends that exceed said CUFIN will cause the tax equivalent to the rate of 42.86%, from the year 2013 onwards, the tax caused will be determined and withheld by the company as the dividends are paid and may be credited against the income tax for the year or that of the immediate next two years.

In addition to the previous tax, when the payment of dividends is made to residents abroad and to individuals residing in Mexico, decreeing profits, generated with effect from January 1, 2014, the additional tax will be determined by applying the 10% rate directly on the dividend paid. The tax must be withheld by the company that carries out the payment of the dividend and has the character of "final payment".

In the event of a capital reduction, the procedures established by the income tax law provide that any surplus of stockholders' equity over the balances of the contributed capital accounts be given the same treatment as that applicable to dividends.

In this year 2021, dividends for a total of \$ 49,550,330, were decreed and paid to shareholders, (previous year 2020 paid \$ 140,269,698) these dividends come from the net tax profit account (CUFIN), and are exempt from income tax. Additionally, 10% of Income tax of \$ 3,716,275 (previous year 2020 \$ 10,520,227) was withheld by the Company towards the payment of dividends to the foreign shareholder and was paid to the authorities. This decree was established in the minutes of the ordinary general shareholders' meeting held on November 23, 2021.

17) **Taxes on Income.**

The Company is subject to the income tax. The income tax calculated and considering certain effects of inflation as taxable or deductible, such as the depreciation calculated on values in constant pesos, the effect of inflation on certain liabilities and monetary assets is accumulated or deducted through the annual adjustment for inflation.

The income tax rate applicable to the Company for the years 2021 and 2020 is 30%.

18) **New accounting pronouncements from 2021.**

The CINIF Issuing Council approved some improvements to the Financial Reporting Standards until fiscal year 2021, in order to establish a more appropriate regulatory approach. In addition to improving certain aspects of the NIF's, the changes eliminate some differences with the International Financial Reporting Standards, to make them compact. The application of these improvements to the NIF's will not have a significant effect on the Company's financial statements.

NIF B-1 Accounting changes and correction of errors. Changes must be recognized when they exist in the structure of the economic entity, resources will be added or removed, and said effect must be disclosed and recognized for accounting purposes at the time they are anticipated.

NIF B-15 Conversion in foreign currency. When an entity is subject to consolidation through the equity method and uses a different functional currency, they must disclose in a note to the financial statements explaining the facts and the reasons for using the same functional currency.

NIF B-17 Determination of fair value. The disclosure note is not required when determining the fair value (the starting price received to sell an asset).

NIF C-6 Property, plant and equipment. The time in which the construction is planned to be in process, when there are approved plans, the disbursements recognized in the period and the amount of the accumulated investment must be disclosed in the note to the financial statements.

19) Contingencies.

According to current legislation, the Authorities have the power to review Income Tax returns up to five fiscal years prior to the last Income Tax return filed.

In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and tax obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable operations. In the event that the tax authorities reviews the prices and rejects the determined amounts, they could demand, in addition to the collection of the corresponding tax and accessories (updates and surcharges), fines on the omitted contributions, which could be up to 100% on the updated amount of contributions.

20) Issuance of financial statements.

These financial statements have been approved by the Company's Management on March 28, 2022.